

P R O S P E R I T A S

EUGEN KLEIN REAL ESTATE BROKERAGE & MARKETING SYSTEMS

SECOND QUARTER 2006

FEATURE: STRONG MARKET

MARKET UPDATE

INTEREST ARTICLE: RBC FINANCIAL

from the office of

Eugen Klein



Over the past year I have been busy completing the Certified Commercial Investment

Member (CCIM) courses at the Real Estate Board of Greater Vancouver. I am pleased to announce that I was pinned a CCIM this past quarter and look forward to serving you with updated investment, demographic and analytical tools.

I welcome you to give us a call to discuss your real estate investment needs.

Eugen Klein

B.Comm(UREC), CRES, ARM®, RI, FRI, CCIM

Direct 604.818.5888

Vancouver, BC Canada

eugenklein@shawcable.com



Opinions on markets are a dime a dozen, this is particularly true in real estate. If you were to speak to one hundred commercial REALTORS®, journalists, analysts, and people on the street, you will get one hundred different opinions on where markets are heading and what the best investment opportunities are. The only thing we can do, as commercial REALTORS® and investors, is analyse the facts available to us and draw reasonable conclusions on where the market is going and where investment dollars are best placed.

Construction of non-residential real estate has been very strong in the past year. The VRCA (Vancouver Regional Construction Association)

Strong Market

Non-Residential Market Growth in Vancouver :
Second Quarter 2006

By Eugen Klein, B.Comm(UREC), CRES, ARM®, RI, FRI, CCIM
Commercial & Investment Real Estate Specialist

has recently published statistical information on current growth rates in non-residential investment in Greater Vancouver. The non-residential construction market continues to grow at a healthy rate. The first half of 2006 saw an increase of 30.5% over 2005 in total non-residential construction investment spending for a total of over \$1 billion.

Government spending leads the way with an increase of

98% as construction for the 2010 Olympics gets into full swing. Commercial investment increased by a healthy 17.3% and industrial investment grew by 7.5% over the same period of 2005. Strong retail, wholesale, real estate and

(continued on page 2)

COMMERCIAL ■ INDUSTRIAL ■ INVESTMENT ■ PROJECT MARKETING ■ BUSINESS BROKERAGE

The 'Professional Directory' is dedicated to a few of the extraordinary people who have contributed to the value of our service to our clients. I would like to share my good fortune of knowing them with you. Please feel free to convey my recommendation.

FRANCHISE / BUSINESS LAW

Mr. Logan Nainaar
Vancouver 604.434.2977

GRAPHIC ILLUSTRATION

Mr. Denis Mayer Jr.
Burnaby 604.777.0550

INVESTMENT PLANNING

Mrs. Vanessa Stenner-Campbell
White Rock 604.535.4749

MEDIATION & ARBITRATION

Mr. Kenneth J. Glasner, Q.C.
Vancouver 604.683.4181

MARBLE & GRANITE

Mr. Frank Mahovlich
Vancouver 604.293.0093

HOME INSPECTION

Mr. Dean Kazoleas
Vancouver 604.681.2108

MEZZANINE FINANCING

Mr. Axel Christiansen
Vancouver 604.877.6582

For our newest offerings, visit us at www.eugen-klein.com

Royal LePage City Centre



KLEIN

RBC Financial



Earlier this month, I had a client portfolio that included a maturing BC municipal bond. Its interest rate: 10¼%. As many of you know, we have some great long-term client relationships!

The province of BC last paid over 10% on bonds in 1990, and while the rate sounds attractive today, few of us would argue that was a better time. With higher taxes and an inflation rate at 6-7%, one's real return after tax was similar to today's on bonds now paying 4%. Our dollar was then at 87 cents, and just about to embark on a painful decline, which over the ensuing 10 years would carry it to the 63 cent low made late in 2001.

Consulting the chart, the last time our currency was on par with the US dollar was during most of 1976.

While Canada still remains a commodity/cyclical-based currency, the forces have lined up in our favour and they should continue. That the US seems to finally be facing the music over its spending habit, is one major contributing factor to the dramatic rise from the Loonie's 2001 low. Equally important though, is booming worldwide demand for our natural resources (notice its been a while since we last heard politicians saying we needed to subsidize High Tech and tourism to diversify the economy).

Phillip Flostrand, B.Comm, CIM
RBC Investments ■

Need Real Investments?

(continued from page 1)

financial sectors are driving growth rates as office and industrial vacancy rates decline and lease rates firm up. This has allowed investors in commercial real estate to realize more value in their investments than has been possible in recent years; our feeling is, this will continue for at least another year or more.

The other side of the coin of this increase in investment value, is the availability of product on the market. Strong returns on non-residential investment attract a larger number of investors and supply has not kept up with demand. Office vacancy rates in Vancouver have decreased for ten consecutive quarters. There were a total of 19 public industrial property listings in the entire Vancouver region in the second quarter of 2006, and downtown Vancouver has less retail space per resident than anywhere else in Canada. The market is tight, to say the least.

This presents us with a conundrum. How is it possible to take advantage of the investment opportunity that commercial real estate presents if there is nothing on the market? The

fact is, there are always opportunities for the right investor.

As commercial REALTORS®, we provide up to date, factual information that will help you gauge what may happen to the market in the future. A commercial

"Office vacancy rates in Vancouver have decreased for ten consecutive quarters."

REALTOR® will also have access to opportunities as they are presented, not when they are featured in the local newspaper.

Contact us today for opportunities in retail, office, multi family, and motel/hotel investment properties. ■



This communication is not intended to induce a breach of already listed properties or businesses. All information must be verified by the purchaser. Images are representative only.

THE EUGEN KLEIN REAL ESTATE TEAM



Hamir Bansal
BHM

Direct: 604.649.3999
hamirbansal@royallepage.ca

Retail Leasing & Sales
Hotel / Motel / Resort Brokerage

Eugen's advice is always to the point and accurate – and is motivated by a sincere intention to provide us with the best possible service. The amount of material he presents us with on a continual basis reassures us that, no matter how busy or complicated his schedule is, we are always on his mind, and he takes time each day to make sure our interests are taken care of.

His word is golden — he is honest and trustworthy and uses his expertise to ensure that our decisions are completely informed. There are never any surprises; we are confident that the information he provides is thorough and complete.

Dr. A. Ignaszewski, M.D.,
FRCPC, FACC
Cardiologist Heart Transplant
Program Medical Director



Feel free to contact us at **604.818.5888** for all your real estate needs.

Royal LePage City Centre

KLEIN